

Don't shoot the messenger: The *enigmatic impact* of conveying bad news during redundancy situations and how to limit the impact

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Summary

The view that 'putting people at risk of redundancy is a horrible thing to do' is not an uncommon perception amongst redundancy envoys.

This paper highlights the significance of the negative psychological impact experienced by redundancy envoys during redundancy situations. Redundancy envoys for this purpose includes, directors, management, employee consultative representatives and HR professionals. Redundancy envoys are the individuals who normally assume responsibility for activities such as the strategy, planning, process, implementation, communication and consultations associated with redundancies, as well as dealing with the aftermath.

The findings from this qualitative study indicated that the psychological impact on redundancy envoys is significant. When describing the impact of implementing redundancies on their psychological health, the research participants spoke about their experiences with heartfelt emotion, tears were frequented and many envoys refer to overwhelming levels of stress, that results in sleepless nights, medication, therapy, long term absences and resignations. The implications for practise are that organisations should recognise the detrimental impact of redundancy programmes on redundancy envoys. Organisations should thus carefully consider if the benefits of a headcount reduction strategy outweigh the negative impact on redundancy envoys

and if such a strategy is unavoidable, what interventions can be implemented to limit the negative consequences for the individuals and the organisation.

Introduction

To cope with increased competitive pressure, demand for cost savings and high performance, many organisations have come to rely on a range of the strategies, such as globalisation of product and capital markets, work intensification (Burchell, Ladipo and Wilkinson, 2002), restructuring and redundancies. (Macky, 2004; Williams, 2004).

Redundancy is not a new phenomenon; however, it should be recognised that the scope and pace of redundancies have accelerated in recent years. (Baruch and Hind; 1999). During the financial crash in 2008, the redundancy rate in the UK reached a high point where 12.2 employees out of a 1000 were being made redundant in the period of February – April 2009. (ONS, 2020)

This year alone, many organisations have announced redundancies, including Anglian water (Lodge, 2020), HSBC (Bennett-Ness, 2020), Southern water (Brooke, 2020) and Ted Baker (Nazir, 2020) that was not associated with the outbreak of Covid-19. Compounded with the outbreak of Covid-19, the scale of redundancies has reached phenomenal numbers; with up to 50 million jobs at risk globally in the travel and tourism industry according to the World Travel & Tourism Council (WTTC), cited Munbodh (2020).

Redundancies are unfortunately still on the increase, despite the government initiating the Coronavirus Job Retention Scheme and the Self-employment Income Support Scheme to mitigate the implementation of redundancies. These schemes present a great relief to organisations that can rehire employees that were made redundant after 28 February to be furloughed, with the government contributing to 80% of the individual's wages. In these unprecedented times, where the end of the COVID-19 pandemic's impact on organisations is an unknown, it is anticipated that the scale of redundancies will continue to grow on a global scale. A recent joint survey from the

CIPD and People Management magazine indicated that one in four organisations expect to make permanent redundancies due to the coronavirus. With the rate of redundancies on an upward spiral, it is even more imperative for organisations to understand the idiosyncrasy of redundancy envoys and why they are critical for organisation's survival.

The impact of redundancies on the workforce

Redundancy programmes have a negative impact on the entire workforce. Those affected include the survivors (employees who remain in the business), the victims (the employees who leave) and redundancy envoys (those who assume responsibility for activities such as the strategy, planning, process, implementation, communication and consultations associated with the redundancy programme).

The impact on victims include:

- psychological stress
- ill health
- family and personal problems
- reduced self-esteem
- depression
- helplessness and anxiety
- feelings of social isolation
- damage to career
- loss of earning power
- feelings of cynicism
- uncertainty and decreased loyalty in future employment

(Gandolfi, 2008)

The impact on the survivors includes:

- increased workload
- survivor guilt
- survivor envy
- anger
- relief
- job insecurity
- managing higher levels of stress, absenteeism and mistrust
- working in an environment with possible decreased work quality, morale and productivity
- decreased employee involvement and
- decreased trust towards management (Gandolfi, 2008).

The key focus of this research was to establish the impact of redundancies on redundancy envoys. Gandolfi (2007) and Noer's (1993) research indicates that managers who are part of a redundancy programme, quite often experience some of the same feelings as the survivors and victims. Torres (2011:181) support this by stating that the very real suffering of the redundancy envoy remains "unspoken and unheard." The most recent research by Ashman (2016; 2012) agrees that redundancy envoys describe the experience as "traumatic, nerve wracking, dreadful, very upsetting and hideous." (Ashman; 2012: 9). With the limited research in this area and the growing scale of redundancies, the importance of gaining a better understanding of the impact on redundancy envoys are ever increasing.

The idiosyncrasy of redundancy envoys

Braithwaite et al. (2005) found that most studies on the success of redundancies as a cost saving strategy tend to challenge the validity of a reduction in personnel more than support restructuring. Gandolfi (2008: 4) argues that there is significant empirical evidence to propose that the “consequences of downsizing are negative at best and disastrous at worst” with Henkoff (1994), Cascio (2013), Cascio (1993) Brockner, Davy and Carter (1985) agreeing that the research regarding redundancies has proved consistently that the anticipated benefits of redundancies have not been realised.

This paper proposed that the reason why companies mostly don't succeed to achieve their intended objectives as part of a redundancy programme, is due to the negative impact experienced by redundancy envoys. It is important to acknowledge that redundancy envoys are also the individuals responsible for dealing with the consequences of restructuring activities. They are mostly in crucial leadership roles that can have a significant impact on the engagement, motivation and success of the organisation. Organisations need to appreciate, that the very people they ask to run their business are being put under undue stress by implementing redundancies and thus ask themselves what they can do to support these redundancy envoys, if a reduction in headcount is the only way forward.

By having a better understanding of the negative psychological impact experienced, organisations can provide better support mechanisms for redundancy envoys to mitigate the negative psychological impact. This paper presents empirical evidence that argues that the impact of implementing redundancies are profound, leading to

serious negative implications for the redundancy envoy and subsequently, the organisation.

Research aim

The aim of this qualitative study was to gain a better understanding of the negative impact experienced by redundancy envoys during the implementation of redundancies. The research draws upon the experiences of redundancy envoys across a range of industries, including hospitality, engineering, manufacturing, aviation, technology, cosmetics, education, medical procurement, telecommunication, transportation and shipping, metals and retail.

A critical literature review indicated that there are very limited studies that specifically examine the idiosyncrasy, implications of stress and mitigation interventions for redundancy envoys. The relevant literature is around fifteen years old, with the most recent literature emerging from Ashman (2016; 2012) and Waraich and Bhardwaj (2011).

Research methodology and methods

This research study was based on an interpretative, subjectivist philosophy. Rationale is provided for using observation and ethnography and I draw on Silverman's (2013) perspective that to really understand, one must engage in an extended period of observation. The approach adopted aligns with what Evered and Louis (1981) describe as 'multisensory holistic immersion' where you make sense of a situation by listening, observing and questioning the outcome of actions.

There were two key stages of the data collection:

- 1) Collecting data to understand the impact of redundancies
- 2) Piloting the solutions to mitigate the impact

1. Collecting data to understand the impact of redundancies

The main source of data collection was through semi-structured interviews with additional sources of primary data collected through observation and diary keeping, 'lessons learned' sessions, employee committee consultative meetings, redundancy and change management workshops, workshop feedback questionnaires, management strategy workshops and director application interviews. Secondary data were also collected through engagement surveys and mood survey tools.

2. Piloting the solutions to mitigate the impact

The pilot study data was collected through action research where four iterations of redundancies took place within a private sector organisation. Through the process of action research, various redundancy models were trialled to drive continuous improvement by mitigating the negative psychological impact for redundancy envoys. Through the iterations, redundancy stakeholder models were tested, whilst data were continued to be collected to understand if interventions helped to mitigate the negative impact for redundancy envoys. Interventions were designed to address the needs of the impacted redundancy envoys and included training of how to deal with conflict and difficult situations, training around the legal aspects of redundancies with various support networks established to provide for a safe sounding board.

Research findings

Evidence from this study indicated that through understanding the enigmatic impact on redundancy envoys, organisations can provide better support to mitigate the impact for the whole organisation. This pilot study resulted in the business improving its financial position by 21.7 % over a 4 year period, from loss to profit making whilst undergoing four redundancy programmes. The pilot study was successful, as a result of the organisation paying particular attention to firstly understand the negative impact and secondly to mitigate the negative impact for redundancy envoys.

The data highlighted that this research project is one of the rare examples where a company can reap economic success through the implementation of redundancies, which is the exception to the rule in accordance with Gandolfi's findings (2008) that most firms adopting downsizing strategies do not reap economic and organisational benefits. This study indicated that by understanding the negative impact on redundancy envoys, organisations can support redundancy envoys through the process where they are better able to deal with the emotional challenges, improve their resilience and ultimately retain a high level of performance.

Rollercoaster of emotions:

The findings of the study indicated that the psychological impact on redundancy envoys is significant. Redundancy envoys describe the impact as a 'rollercoaster of emotions' experiencing a range of emotions including fear, anger, frustration, disappointment, regret, sadness, loneliness, shock with guilt being the most prolific emotion encountered.

The severe negative impact experienced during the implementation of redundancies were described by most redundancy envoys as; 'a very stressful job' which has 'a significant impact' on their psychological wellbeing. For some redundancy envoys the burden became untenable, which lead to severe negative consequences for the individual and subsequently for the organisation. Redundancy envoys describe getting ill, such as this Director who stated:

“There were lots of emotions involved in the redundancies at the company. We dealt with shock, horror, anger and then acceptance. It upset me. It was a very stressful situation. I could not sleep at night and I had to go to a doctor and get medication. It was very stressful and too harsh on my soul.”

Another HR Director shared his account, where he stated:

“I suffered and developed acute stress from implementing redundancies. I had to get help from a psychologist.”

One redundancy envoy, an HR Business partner felt targeted by angry employees that made his life inside and outside of work so uncomfortable, that he felt he had to resign from his job and move to another town to get away from the situation.

The experience of guilt as a redundancy envoy

HR is not alone when it comes to the receiving end of the negative impact of implementing redundancies. Findings indicated that directors and line managers were more prone to experiencing guilt than HR professionals. This manager, Head of Projects with over twenty years' experience stated:

“I got to a stage where I was wondering if we had done enough to save costs, to plan ahead before we got to making people redundant. If we had pulled up our socks 6 to 9 months ago, we would not be in this situation.”

A senior business director, who put his hand up for voluntary redundancy during a large restructure shared his experience of guilt:

“As a management team we could have watched out. The matter was not taken seriously, had we responded earlier we might have saved jobs. As a big manager in a big business it felt like failure and I felt the pressure on a day-to-day basis I felt that I failed.”

Ability to function as effective managers and leaders

Redundancy envoys revealed that the negative impact on their wellbeing impacted their productivity and ability to function effectively such as this line manager who stated:

“My lack of resilience impacted on my brain and I made myself ill...probably not eating the best, eating late at night...I think it was systematic to being so busy in the day, I made myself ill. Psychologically, a big meal at the end of the night was my reward for doing a hard day's work. I put on two and a half stone as a result. I used to go to the gym and go running 4 times a week. I just could not get the inclination to go again and had no time either.”

Feedback from employees supported the reflection of some of the redundancy envoys, such as this comment, which was captured through an anonymous feedback tool where employees were invited to share their feelings”

“The low morale I believe is due to bad management. Individuals not Doing their jobs. No one accountable, not focusing on the real reason we exists. The customer...Where is the management for these individuals. I am dismayed at the way things are and I am not the only one.”

This negative impact as described here leads to emotional detachment from the organisation. This occurs often due to their perception that the people in charge have a disregard for their concerns (Gervais, 2004). When redundancy envoys emotionally detach themselves from the organisation, their effectiveness to lead and drive a programme of organisational change diminishes. Organisations cannot expect their directors and managers to lead and manage effectively, if these critical envoys are suffering with high levels of stress, related long term absences or work under the umbrella with an intention to quit as a result.

With the right support, the opposite can be achieved. If organisations understand how they can limit the negative impact and emotions of guilt, anger, frustration, sadness for redundancy envoys, the journey to making a success of the redundancy programme could be far more promising, as evident in the pilot study.

Practical implications

There are two key factors organisations need to be cognisant of during the implementation of redundancies:

1. To have an appreciation of the negative impact and emotional rollercoaster that redundancy envoys experience.
2. Recognize that redundancy envoys are the key people in an organization that needs to drive the business success, build it up again, keep the workforce motivated and thus support them through these difficult times.

There is no doubt that redundancy envoys are critical to the success of implementing redundancies to achieve it's intended aims, which is ultimately a profitable and sustainable business. In order to achieve this, organisations need to protect, support, train and develop redundancy envoys. Interventions should be bespoke for each organizational setting, however the key is to really understand what impact and emotions are they experiencing and then tailoring the support specifically; i.e. if redundancy envoys are experiencing guilt, how can the organisation do to limit the guilt?

The findings indicated a clear correlation between the commitment to help victims and the impact on the well being of redundancy envoys. When the organisation supported victims to find alternative work, there was a clear reduction in the negative impact experienced by redundancy envoys.

Specific actions to alleviate the negative impact on redundancy envoys include:

Building confidence and capability:

- Training on the legal framework of the implementation of redundancies; Including topics such as establishing a fair selection pool and robust selection criteria.
- Training on how to deal with conflict and difficult conversations.
- Having a clear and transparent business rationale for the redundancies.
- Strong leadership with a clear vision for the future and strategic goals of how this vision will be achieved.
- Effective planning of the redundancy programme and comprehensive analysis of whom to put at risk.
- Clear communication and regular updates on the redundancy programme
- Building a strong support network for redundancy envoys

Reducing the guilt experienced:

- Being able to demonstrate that all other options to reduce costs in the organisation have been exhausted.
- Using fair and transparent policies and processes.
- Helping victims to find alternative work, by arranging on-site recruitment workshops through Job Centre or connecting employees at risk with competitors who are recruiting
- Helping victims to find work, through arranging CV writing and interviewing skills workshops
- Inviting Voluntary Redundancy applications
- Providing support for employees on financial guidance, such as resources on how to manage your money, arranging retirement workshops and self-employment workshops.

The research implications of this paper places organisations in a better position to focus on interventions to mitigate the negative psychological impact. Once we understand the impact on our valuable leaders in more detail, we can progress with how we support the redundancy envoys through the demanding process of

implementing redundancies. The study demonstrated that if organisations focus on helping victims through the process of redundancy, the experience of guilt is reduced for redundancy envoys which helps with reducing the negative psychological impact. By helping the victims, the organisational survivors build better commitment and engagement with the redundancy envoys which as a result also reduce the pressure on redundancy envoys, allowing for a win-win scenario.

Don't shoot the messenger *UNDERSTAND the enigmatic impact of conveying bad news during redundancy situations.*

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